

Human Resources Legislative Update

Alberta Introduces Additional Pension Reforms

Date: April 23, 2014

On April 16, 2014, the Alberta government introduced [Bill 10, *Employment Pension \(Private Sector\) Plans Amendment Act, 2014*](#). Bill 10, if passed, will further amend the new *Employment Pension Plans Act* (“EPPA”). These proposed reforms are in addition to the amendments set out in [Bill 10, *Employment Pension Plans Act*](#), which received Royal Assent on December 10, 2012. The new EPPA will introduce target benefit plan designs as an option available for employers to provide instead of the traditional defined benefit (“DB”) plan.

One of the key reforms in Bill 10 is the addition of a new provision supporting the conversion of DB plans to target benefit plans. This provision would create an exemption for plan text amendments converting a DB plan to a target benefit plan from the general prohibition on amendments that reduce accrued benefits. The proposed EPPA amendment expressly states that the conversion to a target benefit plan may affect accrued benefits. This will be of assistance to employers in Alberta exploring the adoption of target benefit plans.

Amongst other things, Bill 10 will also:

- add a new provision permitting administrators to purchase annuities to buy-out the pension benefits of deferred vested and retired members;
- expand the small benefit rules to permit the commutation of small benefits in pay to retirees; and
- add a new provision permitting the use of electronic communications.

Bill 10 passed Second Reading on April 22, 2014. We will continue to monitor its progress, as well as the progress of the pending reforms passed in 2012 ([previously discussed here](#)) but for which no regulations have been released.

DB redesign options, including target benefit and shared risk models, were recently the subject of [Hicks Morley's accredited CPD Advantage program](#), “Times, They Are a Changing in the Pension and Benefits World.” Our ongoing 2014 Client Conference series also features a discussion focused on emerging trends and legislative developments in pension redesign. Please [check our website for dates and locations](#).